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Tesco Holdings Limited

THOMSON REUTERS Cash offer for Dobbies Garden Centres plc

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Summary

- The board of directors of Tesco Holdings Limited ("Tesco Holdings") announces a cash offer for Dobbies Garden Centres plc ("Dobbies").
- The Offer will be 1200 pence in cash for each Dobbies Share (other than the Dobbies Shares which Tesco Holdings and its Associates already hold) and values Dobbies' existing issued share capital at approximately £124.5 million.
- Tesco Holdings has an interest in 6,795,645 Dobbies Shares, representing approximately 65.5 per cent of the existing issued ordinary share capital.
- Tesco Holdings has received from West Coast Capital (Lios) Limited ("WCC") an irrevocable undertaking to accept the Offer in respect of 3,024,255 Dobbies Shares, representing approximately 29.2 per cent of the existing issued ordinary share capital.
- The Offer is conditional only on a valid acceptance of the Offer being received from WCC (and not, where permitted, withdrawn) in respect of all of the 3,024,255 Dobbies Shares held by WCC.
- On WCC accepting the Offer, Tesco Holdings' total beneficial interest in Dobbies will represent approximately 94.7 per cent of the issued share capital of Dobbies.
- If the Offer becomes or is declared unconditional in all respects, Tesco Holdings intends to procure that Dobbies will make an application for the cancellation of Admission to AIM and for the cancellation of trading of the Dobbies Shares on AIM.
- The board of directors of Tesco Holdings will be seeking a recommendation for the Offer from the board of Dobbies.
- Tesco Holdings believes that the Offer is good for Dobbies' customers, staff and the wider community. It continues to be Tesco Holdings' intention to retain Dobbies' head office in Midlothian and its unique brand, heritage and culture under the Tesco Group umbrella.

This summary should be read in conjunction with the full text of the following announcement and its appendices.

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This announcement does not constitute an offer or invitation to purchase any securities. The Offer will be made solely by means of the offer document and the acceptance forms accompanying the offer document, which will contain the full terms and conditions of the Offer including details of how it may be accepted.

Greenhill, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Tesco and Tesco Holdings and no-one else in connection with the Offer and will not be responsible to anyone other than Tesco and Tesco Holdings for providing the protections afforded to clients of Greenhill nor for providing advice in relation to the Offer.

The Offer will not be made, directly or indirectly, in or into and will not be capable of acceptance in or from Canada, Australia or Japan. In addition it is not currently intended that the Offer will be made, directly or indirectly, in or into, or by use of mails or any means or instrumentality (including, without limitation, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States and it is not currently intended that the Offer will be capable of acceptance by any such use, means, instrumentality or facility or from within the United States. Accordingly, copies of this announcement are not being, and must not be, mailed or otherwise forwarded, distributed or sent in or into or from the United States, Canada, Australia or Japan. Custodians, nominees and trustees should observe these restrictions and should not send or distribute the document in or into the United States, Canada, Australia or Japan.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, “interested” (directly or indirectly) in 1% or more of any class of “relevant securities” of Dobbies, all “dealings” in any “relevant securities” of Dobbies (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional, lapses or is otherwise withdrawn or on which the “offer period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Dobbies, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all “dealings” in “relevant securities” of Dobbies by Tesco Holdings or Dobbies, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

21 May 2008

Tesco Holdings Limited

Cash offer for Dobbies Garden Centres plc

1. Introduction

The board of directors of Tesco Holdings Limited ("**Tesco Holdings**") announces a cash offer, to be made by Tesco Holdings, a wholly owned subsidiary of Tesco PLC, to acquire the whole of the issued share capital of Dobbies Garden Centres plc ("**Dobbies**") not already held by Tesco Holdings or any of its Associates.

The Offer values each Dobbies Share at 1200 pence and Dobbies' existing issued share capital at approximately £124.5 million.

The board of directors of Tesco Holdings will be seeking a recommendation for the Offer from the board of Dobbies.

2. Irrevocable Undertaking

Tesco Holdings has received from WCC an irrevocable undertaking to accept the Offer in respect of 3,024,255 Dobbies Shares, representing approximately 29.2 per cent. of the existing issued ordinary share capital of Dobbies.

3. Disclosure of interests in Dobbies relevant securities

As at the date of this announcement, Tesco Holdings' total beneficial interest in Dobbies is 6,795,645 Dobbies Shares, representing approximately 65.5 per cent. of the issued share capital. This interest is comprised of 5,077,219 Dobbies Shares held directly by Tesco Holdings and 1,718,426 Dobbies Shares held by Greenwood Nominees Limited for and on behalf of Tesco Holdings. Therefore, on WCC accepting the Offer, Tesco Holdings' total beneficial interest in Dobbies will represent approximately 94.7 per cent. of the existing issued share capital of Dobbies.

4. The Offer

The Offer, which will be subject to the condition and further terms set out in Appendix 1 and to be set out in the offer document, will be made on the following basis:

**for each Dobbies
Share**

**1200 pence
in cash**

As set out in Appendix 1, the Offer is conditional only on a valid acceptance of the Offer being received from WCC (and not, where permitted, withdrawn) in respect of all of the 3,024,255 Dobbies Shares held by WCC.

5. Financing of the Offer

The cash consideration payable by Tesco Holdings under the terms of the Offer will be funded from existing cash resources.

Greenhill has confirmed that it is satisfied that the necessary financial resources are available to Tesco Holdings to enable it to satisfy the cash consideration payable by Tesco Holdings as a result of full acceptance of the Offer.

6. Settlement

Subject to the Offer becoming or being declared unconditional in all respects, settlement of the consideration to which any Dobbies Shareholder is entitled under the Offer will be effected: (i) in the case of acceptances received, complete in all respects, by or on the date on which the Offer becomes or is declared unconditional in all respects, within 7 days of such date; or (ii) in the case of acceptances of the Offer received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while it remains open for acceptance, within 7 days of such receipt.

7. Dealing disclosure requirements

Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Dobbies, all "dealings" in any "relevant securities" of Dobbies, (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Dobbies, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of Dobbies by Tesco Holdings or Dobbies, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.

8. Delisting and compulsory acquisition

If the Offer becomes or is declared unconditional in all respects, Tesco Holdings intends to procure that Dobbies will make an application for the cancellation of Admission to AIM and for the cancellation of trading of the Dobbies Shares on AIM.

It is anticipated that the cancellation of Admission to AIM will take effect no earlier than 20 business days after Tesco Holdings has acquired or agreed to acquire 75 per cent. of the voting rights attaching to the Dobbies Shares. The cancellation of Admission to AIM would significantly reduce the liquidity and marketability of any Dobbies Shares not assented to the Offer at that time.

If Tesco Holdings receives acceptances under the Offer in respect of, or otherwise acquires, 90 per cent. or more of the Dobbies Shares to which the Offer relates, Tesco Holdings will exercise its rights pursuant to sections 974 to 991 of the Companies Act 2006 to acquire compulsorily the remaining Dobbies Shares in respect of which the Offer has not been accepted.

It is also intended that, following the Offer becoming or being declared unconditional, Dobbies will be re-registered as a private company under the relevant provisions of the Companies Acts.

9. General

The offer document will be posted to Dobbies Shareholders within 14 days of this announcement.

The Offer will be subject to the condition set out in Appendix 1.

Certain terms used in this announcement are defined in Appendix 2.

This announcement does not constitute an offer or an invitation to purchase any securities. The Offer will be made solely by means of the offer document and the acceptance forms accompanying the offer document, which will contain the full terms and conditions of the Offer including details of how it may be accepted.

Greenhill, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Tesco and Tesco Holdings and no-one else in connection with the Offer and will not be responsible to anyone other than Tesco and Tesco Holdings for providing the protections offered to clients of Greenhill nor for providing advice in relation to the Offer.

The Offer will not be made, directly or indirectly, in or into and will not be capable of acceptance in or from Canada, Australia or Japan. In addition, it is not currently intended that the Offer will be made, directly or indirectly, in or into, or by use of mails or any means or instrumentality (including, without limitation, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States and it is not currently intended that the Offer will be capable of acceptance by any such use, means, instrumentality or facility or from within the United States. Accordingly, copies of this announcement are not being, and must not be, mailed or otherwise forwarded, distributed or sent in or into or from the United States, Canada, Australia or Japan. Custodians, nominees and trustees should observe these restrictions and should not send or distribute the announcement in or into the United States, Canada, Australia or Japan.

APPENDIX 1

CONDITION AND CERTAIN FURTHER TERMS

OF THE OFFER

1. CONDITION OF THE OFFER

The Offer will be subject to the condition that a valid acceptance of the Offer is received from WCC (and not, where permitted, withdrawn) by not later than 3.00 p.m. (London time) on the first closing date of the Offer (or such later time(s) and/or date(s) as Tesco Holdings may, subject to the rules of the City Code, decide) in respect of all of the 3,024,255 Dobbies Shares held by WCC.

2. CERTAIN FURTHER TERMS OF THE OFFER

Dobbies Shares will be acquired by Tesco Holdings fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the date of this announcement.

The Offer will be on the terms and will be subject, *inter alia*, to the condition which is set out in paragraph 1 of this Appendix 1 and those terms which will be set out in the offer document and such further terms as may be required to comply with the AIM Rules and the provisions of the City Code. The Offer and any acceptances thereunder will be governed by English law.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.

APPENDIX 2

DEFINITIONS

The following definitions apply throughout this announcement unless the context requires otherwise.

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| “AIM” | the Alternative Investment Market of the London Stock Exchange; |
| “AIM Rules” | the rules and regulations made by London Stock Exchange for securities traded on AIM and contained in the London Stock Exchange’s publication of the same name; |
| “Associate” | has the meaning given in section 988(1) of the Companies Act 2006; |
| “Australia” | the Commonwealth of Australia, its territories and possessions; |
| “Canada” | Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof; |
| “City Code” | the City Code on Takeovers and Mergers; |
| “Companies Acts” | the Companies Act 1985 and/or the Companies Act 2006, as applicable; |
| “Dobbies” | Dobbies Garden Centres plc; |
| “Dobbies Directors” or “Board of Dobbies” | the directors of Dobbies; |
| “Dobbies Group” | Dobbies and its subsidiary undertakings; |
| “Dobbies relevant securities” | Dobbies Shares and rights to subscribe for Dobbies Shares under the Open Offer; |
| “Dobbies Shareholders” | holders of Dobbies Shares; |
| “Dobbies Shares” | includes: <ul style="list-style-type: none">(i) the existing unconditionally allotted or issued and fully paid ordinary shares of 10 pence each in the capital of Dobbies; and(ii) any further ordinary shares of 10 pence each in the capital of Dobbies which are unconditionally allotted or issued and fully paid before the date on which the Offer closes or before such earlier date as Tesco |

Holdings (subject to the City Code) may determine not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances,

but excludes any shares held as treasury shares on such date as Tesco Holdings may determine before the date on which the Offer closes (which may be a different date to the date referred to in (ii));

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| “Greenhill” | Greenhill & Co. International LLP; |
| “Japan” | Japan, its cities, prefectures, territories and possessions; |
| “London Stock Exchange” | London Stock Exchange plc; |
| “Offer” | the cash offer to be made to acquire the Dobbies Shares (other than the Dobbies Shares which Tesco Holdings and its Associates already holds), including where the context so requires, any subsequent revision, variation, extension or renewal of such offer; |
| “Offer Price” | 1200 pence per Dobbies Share; |
| “Panel” | the Panel on Takeovers and Mergers; |
| “Tesco” | Tesco PLC; |
| “Tesco Group” | Tesco and its subsidiaries and subsidiary undertakings; |
| “Tesco Holdings” | Tesco Holdings Limited; |
| “treasury shares” | any Dobbies Shares held by Dobbies as treasury shares; |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland; |
| “United States of America” or “United States” | the United States of America, its territories and possessions, any state of the United States and the District of Columbia; |
| “US Securities Act” | the United States Securities Act of 1933 and the rules and regulations promulgated thereunder (as amended); |
| “WCC” | West Coast Capital (Lios) Limited. |

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “undertaking”, “associated undertaking” have the meanings given by the Companies Act 1985 (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A of the Companies Act 1985).

References to existing issued share capital in this announcement are referenced to Dobbies Shares in issue on 19 May 2008, being 10,371,840 Dobbies Shares.

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